



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 494 Federal Building • P.O. Box 201711 • Helena, MT 59620-1711 • (406) 444-2986 • FAX (406) 444-3971

Legislative Fiscal Analyst
CLAYTON SCHENCK

May 25, 2000

To: Legislative Finance Committee

From: Taryn Purdy
Principal Fiscal Analyst

RE: Appropriations Transfer (Supplemental) Requests

In accordance with 17-7-301, MCA, the Governor has submitted two potential transfers of appropriations from fiscal 2001 to fiscal 2000 to the Legislative Finance Committee (LFC) for comment and report. It is the obligation of the LFC to report to the Governor whether, in the committee's view, the requests meet statutory criteria and to raise any necessary compliance issues. If the LFC does not provide a report, the Governor (or other approving authority) can authorize the transfer 90 days after the date the request was forwarded to the committee. The LFC does not approve or deny the requests.

Statute requires two things before a request to move authority from the second year of the biennium to the first can be made:

- 1) expenditures must be for an "unforeseen and unanticipated emergency" that causes the appropriation for the year to be insufficient for the operation and maintenance of the agency in that year; and
- 2) the requesting agency must present a plan for reducing expenditures in the second year of the biennium that "allows the agency to contain expenditures within appropriations." Several exceptions to this requirement exist, including an unforeseen and unanticipated emergency for fire suppression.

The two requests are:

- 1) Department of Natural Resources and Conservation - \$3,578,986 for fire suppression costs. This request is discussed in the attached memorandum from Gary Hamel.
- 2) Montana Historical Society - \$125,000 for transport, storage, and rent of the Scriver Collection. The Scriver family has donated a large collection of that artists' work to the Montana Historical Society (MHS). The MHS is requesting funds to support the costs associated with this collection.

While the MHS has submitted a plan to reduce its fiscal 2001 expenditures in accordance with statutory requirements, the Governor states it is his intention to seek a supplemental request from the 2001 legislature to replace these funds in fiscal 2001 and to add a further \$125,000 for costs in that year.

Concern – Staff raises a concern with this supplemental request and whether it meets the statutory criteria that the transfer be the result of an “unforeseen and unanticipated emergency”. As stated, the collection was donated to the society during the interim. Costs associated with support of the collection have been funded from interest from the society’s non-expendable trust fund. While acquisition of the collection was the result of an unforeseen opportunity, the society chose to accept the collection and the associated costs.

Options for LFC Action

The committee may take one of three actions:

- 1) Inform the Governor that the committee does not raise any issues of statutory compliance with either request.
- 2) Inform the Governor of statutory compliance issues with one or both of the requests.
- 3) Take no action. The Governor can not approve or deny either request for 90 days if the committee does not provide a formal report.

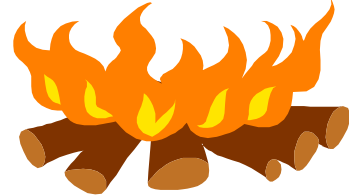
Memo

Date: June 6, 2000

To: Legislative Finance Committee

From: Gary J. Hamel
Associate Fiscal Analyst

Subject: DNRC Supplemental Appropriation Request



The Department of Natural Resources and Conservation is requesting a \$3,573,986 general fund supplemental appropriation for wildfire costs. This is a request to transfer authority from fiscal 2001 to the current fiscal year. Wildfire costs have already been paid in fiscal 2000 with the department's general fund operating appropriations. If this supplemental is approved by the Governor, these costs will be shifted to the transferred appropriation. Next session, the legislature will be asked in the supplemental bill to increase fiscal 2001 authority by at least the transferred amount.

The legislature usually does not appropriate any funds to suppress fires (other than personal services appropriated for other purposes but spent on fire suppression), but pays for the costs through the supplemental appropriation process. The department's request consists of the following wildfire costs:

| Department of Natural Resources and Conservation Fiscal 2000 General Fund Supplemental Request | |
|---|---------------|
| <u>Known Wildfire Costs</u> | |
| State Costs | \$2,059,788 |
| State Support Costs (recoverable) | \$814,183 |
| Payment to U.S. Forest Service (includes BLM) | \$1,824,640 |
| Previous emergency funding request | (\$1,100,000) |
| <u>Estimated Wildfire Costs</u> | |
| Spring Fires (Reduced from \$750,000) | \$50,000 |
| Total Costs | \$3,648,611 |
| Less Budgeted Personnel Costs | (\$74,625) |
| Total Supplemental Request | \$3,573,986 |

Concern

Although the agency has provided what they believe is a reasonable estimate for the fire supplemental, additional spring fire costs are anticipated. In their original request, the agency estimated \$750,000 for spring fire costs. However, they have chosen to reduce that amount by \$700,000. Their budget change document cites waiting for more accurate figures as the reason for not including the additional dollars in their request. In addition, they state that they will submit another request for a supplementary appropriation at fiscal year end.

In spite of their intentions, a second supplementary appropriation request is problematic. First, 17-7-311 MCA states that "...The governor may not approve a proposed supplemental appropriation until the governor receives the legislative finance committee's written report for that proposed supplemental appropriation..." A second supplementary appropriation request could not be presented to the Legislative Finance Committee until the October 2000 meeting – well beyond fiscal year end.

The only way an agency could get approval on a second supplementary request before fiscal year end is if the Legislative Fiscal Analyst waives the written review and the legislative finance committee's written report. If that occurred, the second supplemental request could go to the Governor for approval. However, for that to occur, an emergency must occur that "...poses a serious threat to the life, health, or safety of the public..." In this case, the agency has already stated that they will submit a second supplemental request. Therefore, the second request would not meet the statutory emergency requirements.